

MEMORANDUM FOR FILES

19 July 1948

Discussion with Stevens

1. I had a 2½ hour discussion this date with Stevens, which was a continuation of one initiated the previous evening. The greater part of both discussions was concerned with personal problems. He feels compelled to return to Rome to initiate the divorce of his wife and to solidify this position with his girl friend who had written him that she was considering breaking off their relationship. He has arranged to have a personal friend furnish the funds required for his trip to Rome to accomplish this. He had asked me what the organization could do to help pay his living expenses, estimated to be \$250.00 per month during the period he is in Rome, for approximately 2 months. Part of these expenses are to be covered by the Magnum for which he is to act as a correspondent. I held exploratory discussions with Angleton and [] both of whom could do nothing while in Rome to help him out. Angleton said, however, that prior to his trip he would like to brief him as to how he should conduct himself so as to lay the groundwork for his later return under newspaper cover as a long-term resident agent. Angleton spoke in the most friendly terms of Stevens, whom he regards as one of the ablest agents this organization has ever had. After discussion with ^{Helms} [] it was determined that we would continue to support Stevens even though he was in Rome, providing that Stevens made a fairly sure arrangement to begin a job upon his return. I intimated to him that he should clarify his position with the Voice of America, ^{start} and make a definite ~~with either~~ ^{start} them, or else should make a definite agreement to begin work with Magnum upon his return. I told him to inform us of when this would be done and intimated that we would probably support him even though he was in Rome. He seemed satisfied with this and pleased with the fact ^{he} ~~that~~ that ^{he} had some understanding with us.

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EXTRACT: Discussion with
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2. The balance of the discussion was devoted to an extension of what has been learned from Bator. He apparently has pretty ~~comprehensively~~ ^{completely} regained the confidence of Bator who talks with him freely about his current plans. Bator said that during the War he had been on an overseas intelligence assignment for "someone in the entourage of Governor Dewey". He had proposed to Stevens that this contact be renewed so that he could receive backing in his effort to send ~~himself~~ into Hungary. Stevens had told him to delay making this approach at the moment. I am unable to guess who would be meant when reference is made to "Gov. Dewey's entourage". It is possible that it is Allen Dulles whom is referred to, but Bator did not name the individual; Stevens did not press him for the identification. He did not indicate ~~where~~ in ~~which~~ which country he was working.

3. Bator wants to make the ~~newspaper~~ ^{the Voice of Hungary} the Voice of Hungary, over all the world. He intends to promote its circulation throughout Western Europe and to send it to South American as well. He is determined to maintain complete control of the paper himself and not to allow the present control to be dissipated. At a meeting held three weeks ago of the ~~newspaper~~ combined Hungarian Catholic and Protestant clergy, ^{it was} ~~the newspaper~~ agreed that \$30,000 would be raised to support the ~~newspaper~~. Bator intends that stock representing these funds will not be held in a block but that the shares will be distributed widely so that ^{the} ~~the~~ control will not be jeopardized. He intends to follow the same technique with any other funds that are raised to support the paper.

4. Bator has appointed a committee of Msgr. Varga, Eckhardt, Pfeiffer, and himself as a policy committee both to guide the newspaper and to guide the actions ~~activities~~ of the combined Hungarian-American political activities, Bator

expressed to Stevens his dissatisfaction with the fact that the committee is ~~acting~~^{attempting} to exercise a certain amount of policy control ~~of~~^{over} the decisions of the paper and said that he had appointed the committee as a courtesy gesture and while he intended to solicit ~~the~~^{their} advice, he had no intentions of accepting ~~it~~^{if} such advice ran contrary to his own views. As ~~he~~^{Stevens} said, he is apparently a slick operator, but ~~Stevens~~^{Stevens} has rejected as absurd ~~his~~^{Stevens} suggestions that Bator was collaborating closely with Akhardt with the ultimate aim in mind of being made Finance Minister. Stevens said Bator was concerned with only ~~the~~^{the} American interests, and had no intentions of returning to Hungary to live, and was pushing for the united effort because of his love for his former homeland but not because of a desire to re-establish himself ~~and~~^{and} there some time in the future.

5. Pfeiffer on the other hand dreams only of returning to Hungary in a controlling position. His every thought ~~he~~^{he} is motivated towards this end, while he realizes that the Hungarian people will determine who are to be their representatives in the event there is ever a free Hungarian government and that those who stay behind play an active part in forming this government and ~~and~~^{and} will ~~initiate~~^{initiate} be the significant figures. He also hopes by promoting this united effort in America to insure himself of an important role in this government. Pfeiffer has ~~he~~^{he} also held long confidential discussions with Stevens. Stevens describes him as an activist and not overly intelligent. Pfeiffer is ~~paying~~^{paying} plans to clandestinely circulate the ~~disseminate~~^{disseminate} within Hungary and to activate resistance there, starting ~~it~~^{it} off with the Ukrainian groups for whom he has great fondness.

6. Stevens has also held long conferences with Msgr. Varga whose ~~whole~~^{whole}

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old-time confidant he was. Varga wants Stevens to re-assume this relationship. Varga is known to be a man of complete probity. Stevens talks extremely highly of him. This contact of course will be useful in that it will offer a third channel into the activities of the group so that reports from one can be checked against another.

7. I discussed with Stevens the use of Szegegy-Maszak. Stevens expressed his belief that while Szegegy-Maszak was discreet and a man of complete probity that he ^{was not} ~~had~~ not been too useful for us because he ~~was not~~ did not have the official standing in Hungarian American committee that the ex-Parliament representatives such as Pfeiffer and Varga did have. Further that Szegegy-Maszak had written a letter to Eckhard saying that he was unwilling to co-operate with the combined committee. Stevens agreed that ~~that Szegegy-Maszak~~ Szegegy-Maszak might be useful at a later date but that it would ~~not~~ probably not be the best means of ^{initiating action}. However he did ^{if} also agree that Szegegy-Maszak represented himself as being armed with the authority of the government to act, the central ~~unified~~ committee would perforce cooperate with him.

S. said the meeting the next day S.M. in support of Nagy.

8. I instructed Stevens to proceed along the following lines with Bator and to deal only with Bator on this matter. ^{He is to} Tell Bator that he had considered their earlier conversation further and that he had come to the conclusion that rather than going to see someone in Dewey's entourage, he should prepare a comprehensive memorandum setting forth what he wanted to do, how to do it, with whom he proposed to deal, what he and his group could do toward effecting this end, and what help was needed to accomplish this. After this had been prepared, Stevens can offer to see that it goes through the appropriate hands in Washington. Stevens felt that this suggestion was the only way in which he could accomplish ^{his aim} ~~it~~ without revealing the fact that he continued to maintain close connections with this organization, ^{and without indicating open government interest.}

(RMW)